



2011 Biennium Executive Budget by Function -- General Fund	Millions	Percent of Budget	Prorated Reductions	
LR Building	\$27.5	0.72%	\$0.84	
Miscellaneous	\$32.3	0.85%	\$0.99	
Statutory/Trfs	\$380.2	10.02%	\$11.62	
Public Education	\$1,371.3	36.12%	\$41.90	\$41.90
Higher Education	\$366.8	9.66%	\$11.21	\$11.21
Corrections	\$360.5	9.50%	\$11.02	\$11.02
Human Services	\$818.8	21.57%	\$25.02	\$25.02
Other Agencies	\$438.6	11.55%	\$13.40	
Total	\$3,796.0	100.00%	\$116.00	\$89.15

Item	HB 2				
	K-12	Hi Ed ^(a)	DPHHS	Corrections	
2009 Biennium (FY 2008 Base + FY 2009 Appropriated)	\$1,308,810,866	\$391,634,933	\$744,839,143	\$338,688,378	
2011 Biennium Executive Budget (Nov 15)	\$1,385,453,421	\$420,074,886	\$837,244,430	\$372,041,871	
Biennial GF % Increase Executive Budget (Nov 15)	5.9%	7.3%	12.4%	9.8%	
2011 Biennium Executive Budget (Dec 15)	\$1,371,347,089	\$407,064,010	\$818,791,514	\$360,511,430	\$2,957,714,043
GF % Decrease Nov 15 vs. Dec 15 Executive Budget	-1.0%	-3.1%	-2.2%	-3.1%	
Biennial GF % Increase 2009 Biennium vs. Exec Budget (Dec 15)	4.8%	3.9%	9.9%	6.4%	
2011 Biennium Budget with \$116 million reductions	\$1,329,447,089	\$395,854,010	\$793,771,514	\$349,491,430	\$2,868,564,043
Biennial GF % Increase 2009 Biennium vs. 2011 Biennium	1.6%	1.1%	6.6%	3.2%	\$89,150,000

(a) includes six mill levy and other SSR

MONTANA UNIVERSITY SYSTEM – HB 2 LANGUAGE

The following language is typically inserted into HB 2 for the Montana University System. Insertion of this language into HB 2 requires subcommittee approval.

Language that creates the lump sum appropriation:

Items designed as OCHE--administration (01), Student Assistance Program (02), Improving Teacher Quality (03), Talent Search (06), Workforce Development (08), Appropriation Distribution Transfers (09) [excluding Agriculture Experiment Station, Extension Service, Forest and Conservation Experiment Station, Bureau of Mines and Geology, Bureau Ground Water Program, and Fire Services Training School], Guaranteed Student Loan (12), and Board of Regents (13) are a single biennial lump-sum appropriation.

Language appropriating all public funds received by MUS:

General fund money, state and federal special revenue, and proprietary fund revenue appropriated to the board of regents are included in all Montana university system programs (5100). All other public funds received by units of the Montana university system (other than plant funds appropriated in HB 5, relating to long-range building) are appropriated to the board of regents and may be expended under the provisions of 17-7-138(2). The board of regents shall allocate the appropriations to individual university system units, as defined in 17-7-102(13), according to board policy.

Language requiring MUS to provide access to MUS Banner Information System:

The Montana university system, except the office of the commissioner of higher education and the community colleges, shall provide the office of budget and program planning and the legislative fiscal division banner access to the entire university system's banner information system, except for information pertaining to individual students or individual employees that is protected by Article II, sections 9 and 10, of the Montana constitution, 20-25-515, or the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. 1232g.

Language requiring MUS to provide electronic data required for state's budgeting system:

The Montana university system shall provide the electronic data required for human resource data for the current unrestricted operating funds into the MBARS system. The salary and benefit data provided must reflect approved board of regents operating budgets.

Language containing estimated public funds that will be received by MUS educational units and agencies and deposited to the current unrestricted fund. These revenues are in addition to the state funds contained in line items in HB 2.

Revenue anticipated to be received by the Montana university system units and colleges of technology include interest earnings and other revenue of \$1,042,488 each year of the 2011 biennium. These amounts are appropriated for current unrestricted operating expenses as a biennial lump-sum appropriation and are in addition to the funds shown in OCHE.

Revenue anticipated to be received by the agriculture experiment station includes:

- (1) interest earnings and other revenue of \$60,308 each year of the 2011 biennium; and
- (2) federal revenue of \$2,195,157 each year of the 2011 biennium.

Revenue anticipated to be received by the extension services includes:

- (1) interest earnings of \$14,000 each year of the 2011 biennium; and
- (2) federal revenue of \$2,201,529 each year of the 2011 biennium.

Anticipated interest revenue of \$425 in each year of the 2011 biennium is appropriated to the forest and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE--Appropriation Distribution Transfers.

Anticipated sales revenue of \$45,000 in fiscal year 2010 and \$48,000 in fiscal year 2011 is appropriated to the Bureau of Mines and Geology for current unrestricted operating expenses. This amount is in addition to that shown in OCHE--Appropriation Distribution Transfers.

Anticipated interest revenue of \$1,500 each year of the 2011 biennium is appropriated to Fire Services Training School for current unrestricted operating expenses. This amount is in addition to that shown in OCHE--Appropriation Distribution Transfers.

Language that requires the MUS units to transfer funds for bond payments relating to the state energy conservation program (need dollar amounts from OBPP):

OCHE--Appropriation Distribution Transfers includes \$1,195,300 for the 2011 biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$112,500 in fiscal year 2010 and \$101,500 in fiscal year 2011; Montana tech of the university of Montana, \$37,000 in fiscal year 2010 and \$37,000 in fiscal year 2011; western Montana college of the university of Montana, \$103,650 in fiscal year 2010 and \$102,650 in fiscal year 2011; Helena college of technology of the university of Montana, \$6,000 in fiscal year 2010 and \$6,000 in fiscal year 2011; Montana state university-Bozeman, \$58,000 in fiscal year 2010 and \$58,000 in fiscal year 2011; Montana state university-Billings, \$144,500 in fiscal year 2010 and \$133,700 in fiscal year 2011; Montana state university-northern, \$63,400 in fiscal year 2010 and \$58,400 in fiscal year 2011; and Montana state university-Great Falls college of technology, \$86,500 in fiscal year 2010 and \$86,500 in fiscal year 2011.

Language that requires the MUS to transfer funds to the Montana state library for the natural resource information system:

The Montana university system shall pay \$88,506 for the 2011 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.



Community Colleges – HB 2 Language

1. If the legislature uses the statutory funding formula to determine the state appropriation for the community colleges, the following language is required to be included in the general appropriations act (per 20-15-310(2)(b)):

“The variable cost of education for each full-time equivalent student at the community colleges, including Summitnet, is \$2,194 each year of the 2011 biennium. The general fund appropriation for OCHE-Community College Assistance (04) provides ____ % of the fixed costs of education plus ____ % of the variable cost of education for each full-time equivalent student in fiscal year 2010 and ____ % of the fixed cost of education plus ____ % of the variable costs of education for each full-time equivalent student in fiscal year 2011. The remaining percentage of the budget must be paid from funds other than those appropriated for OCHE--Community College Assistance.”

2. If the legislature funds resident enrollment growth based upon resident enrollment projections and requires a state general fund reversion by the community colleges if enrollment projections are not met, the following language should be included in the general appropriations act:

“The general fund appropriation for OCHE--Community College Assistance (04) is calculated to fund education in the community colleges for an estimated 2,219 resident FTE students in both fiscal year 2010 and fiscal year 2011. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated number for the biennium, the community colleges shall revert general fund money to the state in accordance with 17-7-142.”

3. The following language identifies the total estimated audit costs for all three community colleges and the state share portion that is funded in the general appropriations act:

Total audit costs are estimated to be \$81,700 for the community colleges for the biennium. The general fund appropriation for each community college provides 49.9% of the total audit costs in the 2009 biennium. The remaining 50.1% of these costs must be paid from funds other than those appropriated for OCHE--Community College Assistance. Audit costs for the biennium may not exceed \$28,900 for Dawson, \$28,900 for Miles, and \$23,900 for Flathead Valley community college.

17-7-142. Calculation of reversions for funded resident enrollment growth in Montana university system and community colleges. (1) The reversion calculation in this section is effective only in those years when the legislature funds resident enrollment growth based upon resident enrollment projections and requires a reversion by the Montana university system or a community college if the resident enrollment projections are not met.

(2) The reversion must be calculated based upon the marginal funding for each resident FTE identified in the general appropriations act.

(3) The total reversion is calculated based upon the difference between the FTE resident enrollment projection and the actual FTE resident enrollment or the FTE resident enrollment projection and the prior 3-year average FTE resident enrollment, whichever is lower.

History: En. Sec. 1, Ch. 253, L. 2001; amd. Sec. 1, Ch. 23, L. 2003.

20-15-310. Appropriation -- definitions. (1) It is the intent of the legislature that all community college spending, other than from restricted funds, designated funds, or funds generated by an optional, voted levy, be governed by the provisions of this part and the state general appropriations act.

(2) (a) The state general fund appropriation must be determined as follows:

(i) multiply the variable cost of education per student by the full-time equivalent student count and add the budget amount for the fixed cost of education; and

(ii) multiply the total in subsection (2)(a)(i) by the state share.

(b) The variable cost of education per student, the budget amount for fixed costs, and the state share must be determined by the legislature. The state share, expressed as a percentage, and the variable cost of education per student must be specified in the appropriations act appropriating funds to the community colleges for each biennium.

(3) The student count may not include those enrolled in community service courses as defined by the board of regents.

(4) As used in this section, the following definitions apply:

(a) "Cost of education" means the actual costs incurred by the community colleges during the budget base fiscal year, as reported on the current unrestricted operating fund schedule that is statutorily required to be submitted to the commissioner of higher education, minus any reversion and one-time-only expenditures that are included.

(b) "Fixed cost of education" means that portion of the cost of education, as determined by the legislature, that is not influenced by increases or decreases in student enrollment.

(c) "Variable cost of education per student" means that portion of the cost of education, as determined by the legislature, that is subject to change as a result of increases or decreases in student enrollment, divided by the actual student enrollment during the budget base fiscal year.

History: En. Sec. 2, Ch. 495, L. 1981; amd. Sec. 1, Ch. 494, L. 1989; amd. Sec. 1, Ch. 493, L. 2007.



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0015	Title:	Fund K-12 education
Primary Sponsor:	Villa, Dan	Status:	As Introduced

- | | | |
|--|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
Expenditures:				
General Fund	\$16,010,738	\$32,586,665	\$32,658,276	\$32,594,932
Revenues:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance	<u>(\$16,010,738)</u>	<u>(\$32,586,665)</u>	<u>(\$32,658,276)</u>	<u>(\$32,594,932)</u>

Description of fiscal impact: HB 15 increases state support for school district general fund budgets by \$48.6 million in the 2011 biennium. A 3% increase each year of the 2011 biennium to the basic entitlement and the total per-ANB entitlement generates the increase.

FISCAL ANALYSIS

Assumptions:

- Under current law, the average number belonging (ANB) used to determine the general fund budgets for K-12 public schools will be as follows:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
K-6 ANB	77,753	77,541	77,951	79,887	80,769
7-8 ANB	23,353	22,832	22,531	22,448	22,394
9-12 ANB	48,642	47,673	46,734	45,889	44,971
	149,748	148,046	147,216	148,224	148,134

2. The present law inflation applied to the basic and per-ANB entitlements is 3% each year in FY 2010, FY 2011, FY 2012 and FY 2013. The basic and per-ANB entitlements will be set as follows:

<u>Entitlement</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Elementary Basic	\$21,922	\$22,580	\$23,257	\$23,257	\$23,257
Middle School Basic	\$62,083	\$63,945	\$65,863	\$65,863	\$65,863
High School Basic	\$243,649	\$250,958	\$258,487	\$258,487	\$258,487
Elementary Per-ANB	\$4,716	\$4,857	\$5,003	\$5,003	\$5,003
High School Per-ANB	\$6,037	\$6,218	\$6,405	\$6,405	\$6,405

3. Present law (MCA 20-9-326) requires the Governor to include inflation adjustments for the basic and per-ANB entitlements in the recommendations presented to the legislature. These present law adjustments result in the following expenditures:

	<u>FY 2010</u>	<u>FY 2011</u>
Direct State Aid	\$383.4 million	\$393.6 million
Guaranteed Tax Base Aid	\$135.7 million	\$140.1 million
County Retirement GTB	\$27.7 million	\$28.7 million

4. The basic and per-ANB entitlement increases of 3% per present law and are included in item 3 of this fiscal note. The total general fund expenditure for these increases are included as a change in this bill totaling \$48.6 million new funding for the 2011 biennium.
5. Direct State Aid, GTB and other general fund components are computed with the school funding model used by the Office of Public Instruction, the Legislative Fiscal Division and the Office of Budget and Program Planning using current statutory entitlements, enrollment estimates and estimated property tax values.

<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>

Fiscal Impact:**Expenditures:**

Local Assistance (Direct State Aid)	\$11,400,024	\$23,086,486	\$23,121,642	\$23,074,481
Local Assistance (Guaranteed Tax Base Aid)	\$4,610,714	\$9,378,451	\$9,411,062	\$9,390,914
Local Assistance (Retirement GTB)	\$0	\$121,728	\$125,572	\$129,537
TOTAL Expenditures	\$16,010,738	\$32,586,665	\$32,658,276	\$32,594,932

Funding of Expenditures:

General Fund (01)	\$16,010,738	\$32,586,665	\$32,658,276	\$32,594,932
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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$16,010,738)	(\$32,586,665)	(\$32,658,276)	(\$32,594,932)
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Effect on County or Other Local Revenues or Expenditures:

1. The cost of basic entitlement and per ANB funding is shared by the state and local taxpayers. Entitlements increase in HB 15, therefore, the BASE budget and the maximum general fund budget could increase depending on the ANB increase or decrease in a district. Statewide, the local property taxes to fund the BASE budget will increase by \$4.1 million in FY 2010 and \$8.4 million in FY 2011.

Sponsor's Initials

Date

Budget Director's Initials

Date

MONTANA UNIVERSITY SYSTEM – HB 2 LANGUAGE

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Language containing estimated public funds that will be received by MUS educational units and agencies and deposited to the current unrestricted fund. These revenues are in addition to the state funds contained in line items in HB 2.

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Revenue anticipated to be received by the agriculture experiment station includes:

- (1) interest earnings and other revenue of \$60,308 each year of the 2011 biennium; and
- (2) federal revenue of \$2,195,157 each year of the 2011 biennium.

Revenue anticipated to be received by the extension services includes:

- (1) interest earnings of \$14,000 each year of the 2011 biennium; and
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Anticipated interest revenue of \$425 in each year of the 2011 biennium is appropriated to the forest and conservation experiment station for current unrestricted operating expenses. This amount is in addition to that shown in OCHE--Appropriation Distribution Transfers.

Anticipated sales revenue of \$45,000 in fiscal year 2010 and \$48,000 in fiscal year 2011 is appropriated to the Bureau of Mines and Geology for current unrestricted operating expenses. This amount is in addition to that shown in OCHE--Appropriation Distribution Transfers.

Anticipated interest revenue of \$1,500 each year of the 2011 biennium is appropriated to Fire Services Training School for current unrestricted operating expenses. This amount is in addition to that shown in OCHE--Appropriation Distribution Transfers.

Language that requires the MUS units to transfer funds for bond payments relating to the state energy conservation program (need dollar amounts from OBPP):

OCHE--Appropriation Distribution Transfers includes \$1,195,300 for the 2011 biennium that must be transferred to the energy conservation program account and used to retire the general obligation bonds sold to fund energy improvements through the state energy conservation program. The costs of this transfer in each year of the biennium are: university of Montana-Missoula, \$112,500 in fiscal year 2010 and \$101,500 in fiscal year 2011; Montana tech of the university of Montana, \$37,000 in fiscal year 2010 and \$37,000 in fiscal year 2011; western Montana college of the university of Montana, \$103,650 in fiscal year 2010 and \$102,650 in fiscal year 2011; Helena college of technology of the university of Montana, \$6,000 in fiscal year 2010 and \$6,000 in fiscal year 2011; Montana state university-Bozeman, \$58,000 in fiscal year 2010 and \$58,000 in fiscal year 2011; Montana state university-Billings, \$144,500 in fiscal year 2010 and \$133,700 in fiscal year 2011; Montana state university-northern, \$63,400 in fiscal year 2010 and \$58,400 in fiscal year 2011; and Montana state university-Great Falls college of technology, \$86,500 in fiscal year 2010 and \$86,500 in fiscal year 2011.

Language that requires the MUS to transfer funds to the Montana state library for the natural resource information system:

The Montana university system shall pay \$88,506 for the 2011 biennium in current funds in support of the Montana natural resource information system (NRIS) located at the Montana state library. Quarterly payments must be made upon receipt of the bills from the state library, up to the total amount appropriated.



Community Colleges – HB 2 Language

1. If the legislature uses the statutory funding formula to determine the state appropriation for the community colleges, the following language is required to be included in the general appropriations act (per 20-15-310(2)(b)):

“The variable cost of education for each full-time equivalent student at the community colleges, including Summitnet, is \$2,194 each year of the 2011 biennium. The general fund appropriation for OCHE--Community College Assistance (04) provides ___ % of the fixed costs of education plus ___ % of the variable cost of education for each full-time equivalent student in fiscal year 2010 and ___ % of the fixed cost of education plus ___ % of the variable costs of education for each full-time equivalent student in fiscal year 2011. The remaining percentage of the budget must be paid from funds other than those appropriated for OCHE--Community College Assistance.”

2. If the legislature funds resident enrollment growth based upon resident enrollment projections and requires a state general fund reversion by the community colleges if enrollment projections are not met, the following language should be included in the general appropriations act:

“The general fund appropriation for OCHE--Community College Assistance (04) is calculated to fund education in the community colleges for an estimated 2,219 resident FTE students in both fiscal year 2010 and fiscal year 2011. If total resident FTE student enrollment in the community colleges is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident FTE student enrollment is less than the estimated number for the biennium, the community colleges shall revert general fund money to the state in accordance with 17-7-142.”

3. The following language identifies the total estimated audit costs for all three community colleges and the state share portion that is funded in the general appropriations act:

Total audit costs are estimated to be \$81,700 for the community colleges for the biennium. The general fund appropriation for each community college provides 49.9% of the total audit costs in the 2009 biennium. The remaining 50.1% of these costs must be paid from funds other than those appropriated for OCHE--Community College Assistance. Audit costs for the biennium may not exceed \$28,900 for Dawson, \$28,900 for Miles, and \$23,900 for Flathead Valley community college.

17-7-142. Calculation of reversions for funded resident enrollment growth in Montana university system and community colleges. (1) The reversion calculation in this section is effective only in those years when the legislature funds resident enrollment growth based upon resident enrollment projections and requires a reversion by the Montana university system or a community college if the resident enrollment projections are not met.

(2) The reversion must be calculated based upon the marginal funding for each resident FTE identified in the general appropriations act.

(3) The total reversion is calculated based upon the difference between the FTE resident enrollment projection and the actual FTE resident enrollment or the FTE resident enrollment projection and the prior 3-year average FTE resident enrollment, whichever is lower.

History: En. Sec. 1, Ch. 253, L. 2001; amd. Sec. 1, Ch. 23, L. 2003.

20-15-310. Appropriation -- definitions. (1) It is the intent of the legislature that all community college spending, other than from restricted funds, designated funds, or funds generated by an optional, voted levy, be governed by the provisions of this part and the state general appropriations act.

(2) (a) The state general fund appropriation must be determined as follows:

(i) multiply the variable cost of education per student by the full-time equivalent student count and add the budget amount for the fixed cost of education; and

(ii) multiply the total in subsection (2)(a)(i) by the state share.

(b) The variable cost of education per student, the budget amount for fixed costs, and the state share must be determined by the legislature. The state share, expressed as a percentage, and the variable cost of education per student must be specified in the appropriations act appropriating funds to the community colleges for each biennium.

(3) The student count may not include those enrolled in community service courses as defined by the board of regents.

(4) As used in this section, the following definitions apply:

(a) "Cost of education" means the actual costs incurred by the community colleges during the budget base fiscal year, as reported on the current unrestricted operating fund schedule that is statutorily required to be submitted to the commissioner of higher education, minus any reversion and one-time-only expenditures that are included.

(b) "Fixed cost of education" means that portion of the cost of education, as determined by the legislature, that is not influenced by increases or decreases in student enrollment.

(c) "Variable cost of education per student" means that portion of the cost of education, as determined by the legislature, that is subject to change as a result of increases or decreases in student enrollment, divided by the actual student enrollment during the budget base fiscal year.

History: En. Sec. 2, Ch. 495, L. 1981; amd. Sec. 1, Ch. 494, L. 1989; amd. Sec. 1, Ch. 493, L. 2007.



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2011 Biennium

Bill #	HB0015	Title:	Fund K-12 education
Primary Sponsor:	Villa, Dan	Status:	As Introduced

- | | | |
|--|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input checked="" type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

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Description of fiscal impact: HB 15 increases state support for school district general fund budgets by \$48.6 million in the 2011 biennium. A 3% increase each year of the 2011 biennium to the basic entitlement and the total per-ANB entitlement generates the increase.

FISCAL ANALYSIS

Assumptions:

- Under current law, the average number belonging (ANB) used to determine the general fund budgets for K-12 public schools will be as follows:

	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
K-6 ANB	77,753	77,541	77,951	79,887	80,769
7-8 ANB	23,353	22,832	22,531	22,448	22,394
9-12 ANB	48,642	47,673	46,734	45,889	44,971
	149,748	148,046	147,216	148,224	148,134

2. The present law inflation applied to the basic and per-ANB entitlements is 3% each year in FY 2010, FY 2011, FY 2012 and FY 2013. The basic and per-ANB entitlements will be set as follows:

<u>Entitlement</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
Elementary Basic	\$21,922	\$22,580	\$23,257	\$23,257	\$23,257
Middle School Basic	\$62,083	\$63,945	\$65,863	\$65,863	\$65,863
High School Basic	\$243,649	\$250,958	\$258,487	\$258,487	\$258,487
Elementary Per-ANB	\$4,716	\$4,857	\$5,003	\$5,003	\$5,003
High School Per-ANB	\$6,037	\$6,218	\$6,405	\$6,405	\$6,405

3. Present law (MCA 20-9-326) requires the Governor to include inflation adjustments for the basic and per-ANB entitlements in the recommendations presented to the legislature. These present law adjustments result in the following expenditures:

	<u>FY 2010</u>	<u>FY 2011</u>
Direct State Aid	\$383.4 million	\$393.6 million
Guaranteed Tax Base Aid	\$135.7 million	\$140.1 million
County Retirement GTB	\$27.7 million	\$28.7 million

4. The basic and per-ANB entitlement increases of 3% per present law and are included in item 3 of this fiscal note. The total general fund expenditure for these increases are included as a change in this bill totaling \$48.6 million new funding for the 2011 biennium.
5. Direct State Aid, GTB and other general fund components are computed with the school funding model used by the Office of Public Instruction, the Legislative Fiscal Division and the Office of Budget and Program Planning using current statutory entitlements, enrollment estimates and estimated property tax values.

<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>
<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>

Fiscal Impact:**Expenditures:**

Local Assistance (Direct State Aid)	\$11,400,024	\$23,086,486	\$23,121,642	\$23,074,481
Local Assistance (Guaranteed Tax Base Aid)	\$4,610,714	\$9,378,451	\$9,411,062	\$9,390,914
Local Assistance (Retirement GTB)	\$0	\$121,728	\$125,572	\$129,537
TOTAL Expenditures	\$16,010,738	\$32,586,665	\$32,658,276	\$32,594,932

Funding of Expenditures:

General Fund (01)	\$16,010,738	\$32,586,665	\$32,658,276	\$32,594,932
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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$16,010,738)	(\$32,586,665)	(\$32,658,276)	(\$32,594,932)
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Effect on County or Other Local Revenues or Expenditures:

1. The cost of basic entitlement and per ANB funding is shared by the state and local taxpayers. Entitlements increase in HB 15, therefore, the BASE budget and the maximum general fund budget could increase depending on the ANB increase or decrease in a district. Statewide, the local property taxes to fund the BASE budget will increase by \$4.1 million in FY 2010 and \$8.4 million in FY 2011.

Sponsor's Initials

Date

Budget Director's Initials

Date